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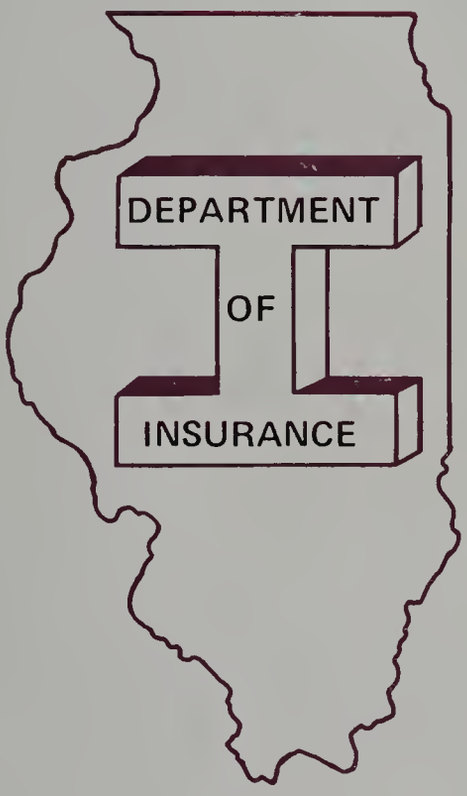

What You Should Know about Health Maintenance Organizations

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1. What is an HMO?

A **health maintenance organization** is a health insurance plan that directly employs or contracts with selected physicians to provide you with health care services in exchange for a fixed, prepaid monthly premium. An HMO operates on the premise that by maintaining your health through **preventative care**, future medical problems can be averted.

Preventative care includes periodic checkups, screening programs, diagnostic testing and immunizations. HMO's also provide for a comprehensive range of other health care services.

These services are divided into two categories—basic and supplemental. **Basic health services** include in-patient, out-patient, maternity, mental health, substance abuse, and emergency care. **Supplemental services** include vision, hearing and pharmaceutical care which are usually available for an additional fee.

The coverage provided by all Illinois health maintenance organizations must minimally include basic and preventative health care. An HMO provides this care by either employing or entering into contractual arrangements with a network of health care professionals.

These **plan** or **participating** providers are given the responsibility of managing and maintaining the health care needs of the HMO's members. Instead of paying a fee for each of these services as you do with traditional health insurance, when you enroll in an HMO you pay a fixed monthly premium for all covered health care services you might need.

The HMO, in turn, assumes the financial risk for keeping its costs within the total premiums it receives. This is accomplished in part by linking payments for health providers to their performance thereby maximizing services and holding down expenses. With strong incentives

to prevent overutilization of services, a health maintenance organization is able to contain costs and at the same time deliver quality care.

To ensure that you receive continuous quality care, an HMO will institute programs which monitor the type of care, appropriateness of care and utilization of care you receive from its health care providers.

An HMO can then be characterized as a system which:

- provides comprehensive health care services on a prepaid basis through contracted providers;
- emphasizes preventative care to avoid future medical problems;
- institutes programs of utilization review and quality control to ensure efficient and cost effective medical treatment.

2. Types of HMO's

Although similar in function, health maintenance organizations vary widely in the types of health care delivery systems which they can use.

In a **Staff Model HMO**, the physicians, nurses and other support personnel are all salaried employees of the health maintenance organization.

Group Model HMO's provide professional treatment through a multi-specialty medical group practice which is under contract with the health maintenance organization.

Independent Practice Association or IPA Model HMO's provide care through independent private practice offices of doctors under contract with the health maintenance organization.

Regardless of the delivery system used, the HMO will provide or arrange for care through hospitals, physicians and specialists to meet your health needs.

3. How to Use an HMO

When you first enroll in an HMO, you must choose a plan physician (family practitioner, internist, pediatrician, obstetrician-gynecologist) who provides or arranges for all of your health care services. It is extremely important that you receive all of your care through the plan physician. If you don't, you are responsible for the cost of the service rendered.

The only exceptions to receiving care through a Plan physician are **medical emergencies**. To qualify as a medical emergency, there must be a sudden onset of illness or injury which if not treated immediately, would jeopardize your life or health. In those instances, you may use the facilities of the nearest hospital emergency room. All other care must be provided by those hospitals and doctors under contract with the HMO.

4. Medicare and Your HMO

In 1982, Congress authorized Medicare to negotiate contracts with health maintenance organizations to provide coverage for Medicare beneficiaries. In Illinois, an ever-growing number of HMO's have chosen this option in order to service the senior residents of our state. Under such an arrangement, senior citizens receive their usual Medicare coverage through an HMO which has contracted with the Federal Medicare program. The advantages of this type of arrangement include:

- comprehensive health care coverage beyond that of the traditional Medicare benefit package;
- preventative care;
- eliminating charges for physician and hospital expenses which are in excess of those allowed by Medicare;
- eliminating the need to fill out and file claim forms;
- eliminating most co-payment charges.

To find out whether an HMO plan is offered in your area, contact either your local Social Security office or the Illinois Department of Insurance.

5. Choosing an HMO

If you decide to enroll in an HMO, there are a number of additional factors you should consider:

- **accessibility**—Since you must use plan providers, it is extremely important that they are easily accessible from your home or office.

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- **convenient office hours**—Your primary care physician (family practitioner, internist, pediatrician, obstetrician-gynecologist) should have convenient office hours.

- **alternate physicians**—Should you become dissatisfied with your first choice, an HMO should allow you the option of changing physicians.

- **second opinions**—You should be able to obtain second opinions.

- **types of coverage**—You should compare various health care services offered among HMO's, paying particular attention to whether you will incur out-of-pocket expenses for copayments.

- **appeal procedures**—The HMO should have a convenient and prompt method for resolving problems and disputes.

- **price**—You should compare prices to see that you are getting the most services for your health care dollar.

Whether or not a health maintenance organization is right for you will depend largely upon your willingness and ability to use the HMO's health care network of providers. If, for example, you take extended vacations or frequently spend a lot of time out-of-state, an HMO may not be an acceptable option.

If, after purchasing HMO coverage, **problems or questions** should arise, Illinois requires every health maintenance organization to have both a formal and informal **system for resolving grievances** about health care services or other matters concerning the operation of the HMO. If your problem cannot be satisfactorily resolved through this grievance procedure, you may contact the **Illinois Department of Insurance**, 320 West Washington Street, Fourth Floor, Springfield, Illinois 62767; (217) 782-7446.